



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-22, Colorado State Income Tax Withholding

Date: May 23, 2005

To: Holders of TAXES (State of Colorado only)  
Personnel User Groups  
T&A Contact Points in Colorado

Beginning with wages paid for Pay Period 10, the National Finance Center (NFC) will make the following changes to the state of Colorado income tax withholdings:

- The exemption allowance will increase from \$2,850 to \$3,200.
- The nontaxable flexible spending accounts (health care and dependent care) deductions statement will be added to step 2 on the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

MARK J. HAZUDA, Director  
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# Colorado State Income Tax Information

|  |  |
|--|--|
| <b>State Abbreviation:</b>               | CO   |
| <b>State Tax Withholding State Code:</b> | 08   |
| <b>Acceptable Exemption Form:</b>        | None   |
| <b>Basis For Withholding:</b>            | Federal Exemptions   |
| <b>Acceptable Exemption Data:</b>        | None   |
| <b>TSP Deferred:</b>                     | Yes  |
| <b>Special Coding:</b>                   | None   |
| <b>Additional Information:</b>           | A state tax certificate is not required since Federal exemptions are used in the computation of the state formula. |

## Withholding Formula ►(Effective Pay Period 10, 2005)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) ►(includes flexible spending account - health care and dependent care deductions)◄ from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$3,200◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Colorado tax withholding.

### Tax Withholding Table Single

| If the Amount of<br>Taxable Income Is: |                  | The Amount of Colorado<br>Withholding Should Be: |       | Of Excess<br>Over: |
|--|------------------|--|-------|--------------------|
| Over:                                  | But Not<br>Over: |  |       |                    |
| \$ 0                                   | \$ 1,650         | \$ 0 plus  | 0%    | \$ 0               |
| 1,650                                  | and over         | 0 plus   | 4.63% | 1,650              |

### Married

| If the Amount of<br>Taxable Income Is: |                  | The Amount of Colorado<br>Withholding Should Be: |       | Of Excess<br>Over: |
|--|------------------|--|-------|--------------------|
| Over:                                  | But Not<br>Over: |  |       |                    |
| \$ 0                                   | \$ 6,150         | \$ 0 plus  | 0%    | \$ 0               |
| 6,150                                  | and over         | 0 plus   | 4.63% | 6,150              |

7. Divide the annual Colorado tax withholding by 26 and round to the nearest dollar to obtain the biweekly Colorado tax withholding.